



# COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



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MARK J. SALADINO  
TREASURER AND TAX COLLECTOR

November 23, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF THE CONVERSION OF CERTAIN TAXABLE OBLIGATIONS TO  
TAX- EXEMPT OBLIGATIONS BY CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY TO BENEFIT RETIREMENT HOUSING FOUNDATION  
AND ITS SUBSIDIARIES  
(FIFTH DISTRICT - 3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Adopt a Resolution approving the conversion of certain taxable obligations to tax-exempt obligations by the California Statewide Communities Development Authority on behalf of Retirement Housing Foundation and its subsidiaries, Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing.
2. Ratify a Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The California Statewide Communities Development Authority (CSCDA) has requested our assistance to facilitate its plan of-financing up to \$9,500,000 on behalf of Retirement Housing Foundation (the "Applicant") and its subsidiaries, Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing. This project is located at 6750 West Avenue L-12, Lancaster, an unincorporated area of the County of Los Angeles, California.

In 1998, the CSCDA on behalf of the Applicant, issued \$22,000,000 in certain obligations to refinance a 48-bed skilled nursing facility and a senior apartment complex. Of this amount, \$9,500,000 was issued on a taxable basis with the intent that after meeting certain legal and tax law requirements, it could be converted to

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tax-exempt debt at some future date. The Applicant is now converting this financing to tax-exempt debt. Your Board's action is limited to approval of the conversion.

#### Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions.

#### FISCAL IMPACT/FINANCING

There will be no fiscal impact to the County or CSCDA.

#### FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CSCDA is the conduit issuer for this financing on behalf of the Applicant. The County became a member of the CSCDA through a Joint Exercise of Powers Agreement in July 1997. The County's participation in this financing is limited to conducting a public hearing and Board action required to meet certain approval and public hearing requirements.

Pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the Code), this financing must be approved by the governing board of the local agency in which the facilities are located. Public approval of the financing is required by the Code and Section 9 of the Amended and Restated Joint Exercise of Powers Agreement Relating to California Statewide Communities Development Authority dated as of June 1, 1988, among certain local agencies, including the County. In addition, the Code requires a TEFRA hearing be held within the boundaries of and ratified by the local agency. This hearing was duly noticed and was held on November 23, 2004 in the Treasurer and Tax Collector's Office.

#### IMPACT ON CURRENT SERVICES (OR PROJECTS)

None

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**CONCLUSION**

Upon adoption, the Department will need two (2) original executed copies of the adopted Resolution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino", with a stylized flourish at the end.

MARK J. SALADINO  
Treasurer and Tax Collector

MJS:GB:BLC:pab  
pb/brdltr:retirement housing foundation

**Attachments**

c: Chief Administrative Officer  
County Counsel  
Auditor-Controller

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES APPROVING THE CONVERSION OF CERTAIN  
TAXABLE OBLIGATIONS TO TAX-EXEMPT OBLIGATIONS (WHICH  
CONSTITUTES AN ISSUANCE FOR FEDERAL INCOME TAX PURPOSES)  
THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT  
AUTHORITY TO BENEFIT RETIREMENT HOUSING FOUNDATION AND ITS  
SUBSIDIARIES, MAYFLOWER GARDENS HEALTH FACILITIES, INC. AND  
MAYFLOWER RHF HOUSING, INC.**

WHEREAS, for the benefit of Retirement Housing Foundation, a California nonprofit public benefit corporation (the "Parent Corporation"), the California Statewide Communities Development Authority (the "Authority") participated in a plan of financing including a multi-issue financing and refinancing of five continuing care facilities for seniors located throughout California through the issuance of certain taxable and tax-exempt obligations in an aggregate principal amount not to exceed \$69,000,000 (the "Financing") of which not more than \$22,000,000 was allocable to the Facilities (as defined below) (those obligations allocable to the Facilities being referred to herein as the "1998 Obligations");

WHEREAS, the proceeds of the 1998 Obligations, in one or more series, were made available by the Authority to Mayflower Gardens Health Facilities, Inc. ("MG") and Mayflower RHF Housing, Inc. ("MH"), both California not-for-profit corporations (the "Borrowers"), to refinance an existing 48-bed skilled nursing facility owned by MG and a 520-unit senior apartment complex owned by MH and related facilities owned by the Borrowers (the "Facilities") and collectively located in an unincorporated portion of the County of Los Angeles, California (the "County"); and

WHEREAS, the proceeds of the 1998 Obligations were used by the Borrowers, together with other available funds of the Borrowers, for the purpose of: (a) advance refunding a portion of the outstanding Insured Certificates of Participation Evidencing Proportionate Interests of the Holders Thereof in Installment Payments to Be Paid by the COUNTY OF LOS ANGELES, CALIFORNIA to Gold Country Health Center, Inc., Mayflower Gardens Health Facilities, Inc., Mayflower RHF Housing, Inc., Bixby Knolls Towers, Inc., dated April 15, 1992 (the "1992 COPs"); (b) funding a debt service reserve fund for the 1998 Obligations; (c) paying certain costs of issuing the 1998 Obligations and refunding the 1992 COPs; and (d) financing the capital costs of renovating and expanding the Facilities; and

WHEREAS, pursuant to the documents governing the 1998 Obligations, a portion of such obligations were issued as federally taxable obligations subject to conversion to federally tax-exempt obligations at the direction of the Parent Corporation and upon satisfaction of certain conditions; and

WHEREAS, the Parent Corporation desires to convert the remaining \$9,500,000 of obligations to tax-exempt obligations as soon as possible and pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code") (the "Conversion"), such Conversion of the 1998 Obligations by the Authority must be approved by the County

because the Facilities are located within the territorial limits of the County and because the Conversion will be treated as an issuance subject to Section 147(f) of the Code; and

WHEREAS, the Board of Supervisors of the County (the "Board of Supervisors") is the elected legislative body of the County and is one of the applicable elected representatives required to approve the Conversion of the 1998 Obligations under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the Board of Supervisors approve the Conversion of the 1998 Obligations in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Joint Exercise of Powers Agreement (the "Agreement"), dated as of June 1, 1988, among certain local agencies, including the County; and

WHEREAS, the County shall not incur any pecuniary liability in connection with the Conversion; and

WHEREAS, pursuant to Section 147(f) of the Code, the Los Angeles County Treasurer's Office (on behalf of the Board of Supervisors) has, following notice duly given, held a public hearing regarding the Conversion of the 1998 Obligations, and the Board of Supervisors now desires to approve the Conversion of the 1998 Obligations in accordance with the requirements of Section 147(f) of the Code.

NOW, THEREFORE, the Board of Supervisors of the County of Los Angeles resolves as follows:

Section 1. The Board of Supervisors hereby approves the Conversion. It is the purpose and intent of the Board of Supervisors that this Resolution constitute approval of the Conversion (and the execution and delivery of the certificates of participation related thereto) for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are located, in accordance with said Section 147(f), and (b) Section 9 of the Agreement.

Section 2. The officers of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby.

Section 3. This Resolution shall take effect immediately upon its adoption.

The foregoing Resolution was duly adopted on the \_\_ day of December, 2004 by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS  
Executive Officer-Clerk of the  
Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

By: \_\_\_\_\_

Principal Deputy County Counsel